

**MINUTES OF SPECIAL MEETING  
ILLINOIS GAMING BOARD  
March 30, 2005  
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

The Illinois Gaming Board ("Board") held its Special Meeting on March 30, 2005 in the Auditorium on the 5th floor of the Michael A. Bilandic Building, Chicago, Illinois, pursuant to the Illinois Open Meetings Act, 5 ILCS 120/1 et seq.

The following Board Members were present: Chairman Aaron Jaffe and Members Gary Peterlin, William Dugan, Eugene Winkler and Charles Gardner.

Chairman Jaffe convened the March 30, 2005 Special Meeting at 8:45 A.M. in the 3<sup>rd</sup> floor Board Conference Room. Pursuant to Section 2(c), paragraphs (1), (11), and (14) of the Open Meetings Act and Section 6(d) of the Riverboat Gambling Act, Member Peterlin moved that **the Board retire to Closed Session to discuss the items listed under Closed Session on today's agenda and relating to the following subject matters:**

- 1. Pending litigation and matters involving probable litigation;**
- 2. Investigations concerning applicants and licensees; and**
- 3. Personnel matters.**

Member Gardner seconded the motion. The Board adopted the motion by unanimous consent and retired to closed session.

Member Winkler moved that **the Board reconvene into Open session.** Member Peterlin seconded the motion. The Board approved the motion unanimously by voice vote.

The Board convened its Open Session at 11:00 A.M.

Chairman's Report

Chairman Jaffe stated that at the last meeting (March 24, 2005) he mentioned to the public that the Board would be independent. Chairman Jaffe stated that he has been dismayed during his first week on the job to find out that there are little rivalries going on within government between different boards. Chairman Jaffe stated that historically the Illinois Gaming Board was housed in the Department of Revenue as a means of quickly implementing the newly passed Riverboat Gambling Act. Chairman Jaffe stated that the Board is then made independent by the legislature, but for some reason that is not happening. Chairman Jaffe stated that it appears to him that the statute that was written contains some very conflicting matters that needs to be changed. Chairman Jaffe stated that the statute does not give the Department of Revenue the right to rule over the Gaming Board. Chairman Jaffe stated that he had discovered that there are "sibling rivalries" going on between varying

agencies that the Board deals with such as the Department of Revenue and the Illinois State Police. Chairman Jaffe stated that because the Board has to hire people from the Department of Revenue and the Illinois State Police, there becomes a question of loyalty and a question of “sibling rivalry.” Chairman Jaffe stated that employees who are paid by the Illinois Gaming Board should be and will be under the direction of the Illinois Gaming Board. Chairman Jaffe stated that there are people who come to the Gaming Board from other departments such as the Department of Revenue and the Illinois State Police, and maintain that their loyalties belong to those departments instead of the Gaming Board. Chairman Jaffe stated that that is not his view of the law and it is not the way he feels things should operate. Chairman Jaffe stated that there are people who have been hired without the Board’s approval. Chairman Jaffe stated that there have been numerous incidents of problems within the Board because of the rivalries, which has had an affect on the morale of the Illinois Gaming Board. Chairman Jaffe stated that he feels that it is necessary for the Board to change the statute and make it absolutely clear that the Illinois Gaming Board is its own boss. Chairman Jaffe stated that he would be contacting various legislative leaders requesting their support for legislation that frees the Illinois Gaming Board from all of the “shackles” that it has with other parts of Illinois Government.

Chairman Jaffe stated that the new Board members came at a bad time legislatively due to the fact that the legislature is in mid-session. Chairman Jaffe stated that he believes that the Board needs a legislative liaison that operates out of Springfield. Chairman Jaffe stated that the Board needs a legislative liaison who has massive legislative experience and who knows how to analyze bills legally and who knows how the departments interact with one another. Chairman Jaffe stated that he is looking for someone in Springfield to be the Board’s legislative liaison.

Chairman Jaffe stated that the budget is going to come up before the legislature. Chairman Jaffe stated that the Board is not sure what is in the budget because the Department of Revenue has not consulted with the Board on the budget. Chairman Jaffe stated that the Board is under budget and understaffed. Chairman Jaffe stated that he would be meeting with the Director of the Department of Revenue and the Director of the State Police. Chairman Jaffe stated that he would be discussing the Board’s position and hope that the Board and the Directors of Revenue and State Police could reach amicable agreements.

#### Board Members’ Comments

Member Peterlin commended the Chairman for “taking the bull by the horns” and for the long hours that the Chairman has put in to resolve some of the issues regarding the Board. Member Peterlin stated that he appreciates Chairman Jaffe’s good leadership.

#### Administrator’s Report

Interim Administrator Tamayo announced that the new Board members have been provided introductory packets that contain the Riverboat Gambling Act, Illinois Gaming Board Rules, the Code of Conduct, and a lot of information regarding the riverboat casinos.

Interim Administrator Tamayo stated that in the past week, Staff has had an opportunity to continue to work on the MGM acquisition of Mandalay Bay. Interim Administrator Tamayo stated that Staff would recommend that that issue be placed on the next agenda for the Board's consideration.

Interim Administrator Tamayo stated that there are a number of disciplinary matters that were pending when the Board last met as a fully constituted Board in August of 2003. Interim Administrator Tamayo stated that Staff has received correspondence regarding those disciplinary matters. Interim Administrator Tamayo stated that Staff would be discussing those matters with the Board during Closed session.

Interim Administrator Tamayo stated that Staff has received operational updates from several of the casinos and has shared that information with the Board.

Interim Administrator Tamayo announced that the Internal Controls Units just completed its procedures manual, which would go into effect tomorrow. Interim Administrator Tamayo stated that the Internal Controls Unit did a complete rewrite on how the Gaming Board staff handles the internal controls process.

Interim Administrator Tamayo stated that Staff meets once a month with the Department of Revenue. Interim Administrator Tamayo stated that as Staff meets outside of the licensee context, Staff would be informing the Board. Interim Administrator Tamayo stated that next Tuesday, she would be attending a mandatory senior staff meeting with the Department of Revenue. Interim Administrator Tamayo stated that all of the individuals who report to Director Hamer on the Department of Revenue's organization chart are expected to make a short presentation on what they are doing within their divisions.

Interim Administrator Tamayo announced that Staff would be conducting a tour for some of the legislative leaders at Casino Queen in East St. Louis on Monday, April 4, 2005. Interim Administrator Tamayo announced that there would be a tour for the media and legislative leaders scheduled on April 11, 2005 at Harrah's Joliet.

#### Board Policy Items

Mike Fries, Acting Deputy Chief Counsel, provided the Board with information regarding Rule 165 of the adopted rules. Mr. Fries stated that in the summer of 2002, as a matter of policy, some rules became effective relative to the Self-Exclusion Program. Mr. Fries stated that the Self-Exclusion Program allows individuals to self-exclude themselves from all of the riverboats in Illinois. Mr. Fries stated that if those individuals are caught on the boats at a later time, their gambling proceeds are confiscated. Mr. Fries stated that in the summer of 2003 Ticket In Ticket Out (TITO) technology went into effect, which allows patrons to play on slot machines without the use of tokens. Mr. Fries stated that the TITO slot machines issue tickets that can then be played at other machines or be redeemed at cages. Mr. Fries stated that Staff discovered last summer that it did not foresee that the vouchers would also be confiscated from self-excluded persons found on the boats. Mr. Fries stated that Staff had

to come up with an amendment to Rule 165 that would allow the owner licensees to redeem those vouchers that were confiscated from self-excluded persons, and then those proceeds are all forwarded to a designated charity. Mr. Fries stated that Staff filed an emergency amendment as well as First Notice. Mr. Fries stated that the emergency amendment expired in February. Mr. Fries stated that Staff did not have a fully constituted Board to proceed with the Second Notice Filing. Mr. Fries stated that at this time Staff is seeking the authority to file Second Notice with JCAR. Mr. Fries stated that Staff is also asking to adopt the Rules once effective.

Chairman Jaffe inquired how much money is received for the budget on problem gambling. Interim Administrator Tamayo stated that the Gaming Board does not receive any allocations for problem gambling. Interim Administrator Tamayo stated that there is an allocation owed to the Department of Human Services, which is approximately \$900,000 that covers problem gambling.

Member Peterlin stated that there is \$900,000 that is out there for problem gambling that is not in the Board's budget, and the Board has very little information as to how it is being utilized. Member Peterlin stated that he feels that the Board should be able to offer suggestions as to how the money is utilized.

Member Gardner moved that **the Board authorize staff to submit proposed Rule 3000.165 for Second Notice Filing with the Joint Committee on Administrative Rules.**

Further, Member Gardner moved that **the Board authorize the final adoption and publishing of the above-referenced rule, provided no material changes are made to this rule during the Second Notice process.** Member Winkler seconded the motion. The Board approved the motion unanimously by voice vote.

#### Owner Licensee Items

Harrah's Metropolis – Construction and Hotel Project – Mike Crider, Vice President and General Manager, was present on behalf of Harrah's Metropolis to request approval of Harrah's construction and hotel project. Mr. Crider stated that the new hotel would consist of 258 rooms. Mr. Crider stated that the new facility would allow Harrah's Metropolis to capture a greater share of the gaming budget from Nashville Tennessee. Mr. Crider stated that once Harrah's receives approval from the Board, it expects to complete the project in twelve months. Mr. Crider stated that Harrah's is anticipating that its hotel will be the nicest hotel in terms of quality between St. Louis and Nashville Tennessee, and between Memphis and Evansville. Mr. Crider provided the Board with a brief presentation outlining the details of the hotel project and how the additional tax revenues generated from the project would benefit the City of Metropolis and the State of Illinois.

Mayor Beth Clanahan was present on behalf of Harrah's Metropolis to express the City of Metropolis' support of the hotel project. Mayor Clanahan stated that the community is fortunate to be the home of Harrah's riverboat casino, and has seen firsthand the results of gaming revenue benefiting a community. Mayor Clanahan provided the Board with examples of how the community has benefited from the revenues generated from Harrah's casino. Mayor Clanahan informed the Board of projects that the City of Metropolis has committed to that would be necessary to provide service to the new hotel, such as a new electrical substation, and water and sewer projects. Mayor Clanahan stated that work on both of these projects has progressed past the point of turning back. Mayor Clanahan stated that the city has purchased \$1.3 million dollars in riverfront property to be developed with a RV park and arena. Mayor Clanahan stated that the projects would compliment the new Harrah's hotel and together the three would make Metropolis' riverfront development a major tourist attraction in Illinois. Mayor Clanahan stated that the effect of such a tourism development would not benefit the City of Metropolis alone, but would result in increased revenue to the State of Illinois as well.

Member Dugan and Member Winkler inquired if union workers would be utilized for the hotel construction project. Mr. Crider stated that Harrah's Metropolis would be using all union workers and would be using as much local labor as possible.

Based on a review of the staff's investigation and recommendation, Member Peterlin moved that **the Board approve Southern Illinois Riverboat/Casino Cruises, Inc. d/b/a Harrah's Metropolis Casino's request to construct a Hotel.**

**Pursuant to Board Rule 3000.320(d), the Board authorizes Harrah's Metropolis Casino to proceed with its proposed Hotel construction and related agreements. The approval of the construction project is subject to Harrah's Metropolis Casino updating the Board on the progress of the construction from time to time, as deemed appropriate by the Administrator. Further, once the project is completed, Harrah's Metropolis Casino is to seek final approval from the Board for its Hotel after necessary approvals from the State Fire Marshall and other appropriate authorities have been obtained.** Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

#### Occupational Licensees

Based on staff's investigation and recommendation, Member Winkler moved that **the Board approve 300 applications for an Occupational License, Level 2, and 893 applications for an Occupational License, Level 3.** Member Gardner seconded the motion. The Board approved the motion unanimously by voice vote

At 12:20 P.M., Member Gardner moved that **pursuant to Section 2 (c), paragraphs (1), (11), and (14) of the Open Meetings Act, the Board retire to Closed Session to discuss the following subject matters:**

- 1. Pending litigation and matters involving probable litigation;**
- 2. Investigations concerning applicants and licensees; and**
- 3. Personnel matters.**

Member Winkler seconded the motion. The Board approved the motion unanimously by voice vote.

The Board adjourned Closed session at 3:45 P.M.

Respectfully submitted,  
Monica Thomas

Secretary to the Board